



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Ted Stewart  
Executive Director

James W. Carter  
Division Director

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340  
801-359-3940 (Fax)  
801-538-5319 (TDD)

March 7, 1994

TO: Board of Oil, Gas and Mining

THRU: Lowell P. Braxton, Associate Director Mining *LPS*

THRU: Wayne Hedberg, Minerals Permit Supervisor *WH*

FROM: Anthony A. Gallegos, Reclamation Engineer *AG*

RE: Request for Approval of Amount and Form of Replacement Reclamation Sureties, Umetco Minerals Corporation, Rim-Columbus Mine M/037/006, Pandora Mine M/037/012, Calliham Mine M/037/023, and Velvet Mine M/037/040, San Juan County, Utah

In September 1993 Umetco Minerals submitted replacement sureties to the Division for the four mining operations listed above. The replacement sureties reflect a change in surety company, and a change in surety amount to account for five years of projected escalation. Because this action began in 1993 the sureties were escalated to 1998 dollars. The form of surety, a surety bond, remains the same for all four operations. There are no changes to the existing mine plans associated with these replacement sureties. The replacement sureties follow the Division's most current surety bond format (April 8, 1993 version). New Reclamation Contracts (May 28, 1993 version) have also been submitted for each operation. All four uranium mining operations are currently in a state of suspension. The surety company of General Insurance Company of America is listed on the 1993 Federal Register as an acceptable company for federal bonds. The acreage, surety amount and land owners for each mine site is listed below:

1. Rim-Columbus	13 acres	\$37,200	BLM
2. Pandora	15 acres	\$67,500	BLM & USFS
3. Calliham	33 acres	\$34,800	BLM & FEE
4. Velvet	27 acres	\$63,900	BLM

The surety bonds are made out solely to the Division of Oil, Gas and Mining. Under the current MOU for locatable minerals, the Division may hold a bond for operations on BLM or USFS lands. The Division will inform the appropriate BLM and USFS offices that these sureties will not be released without their written approval.

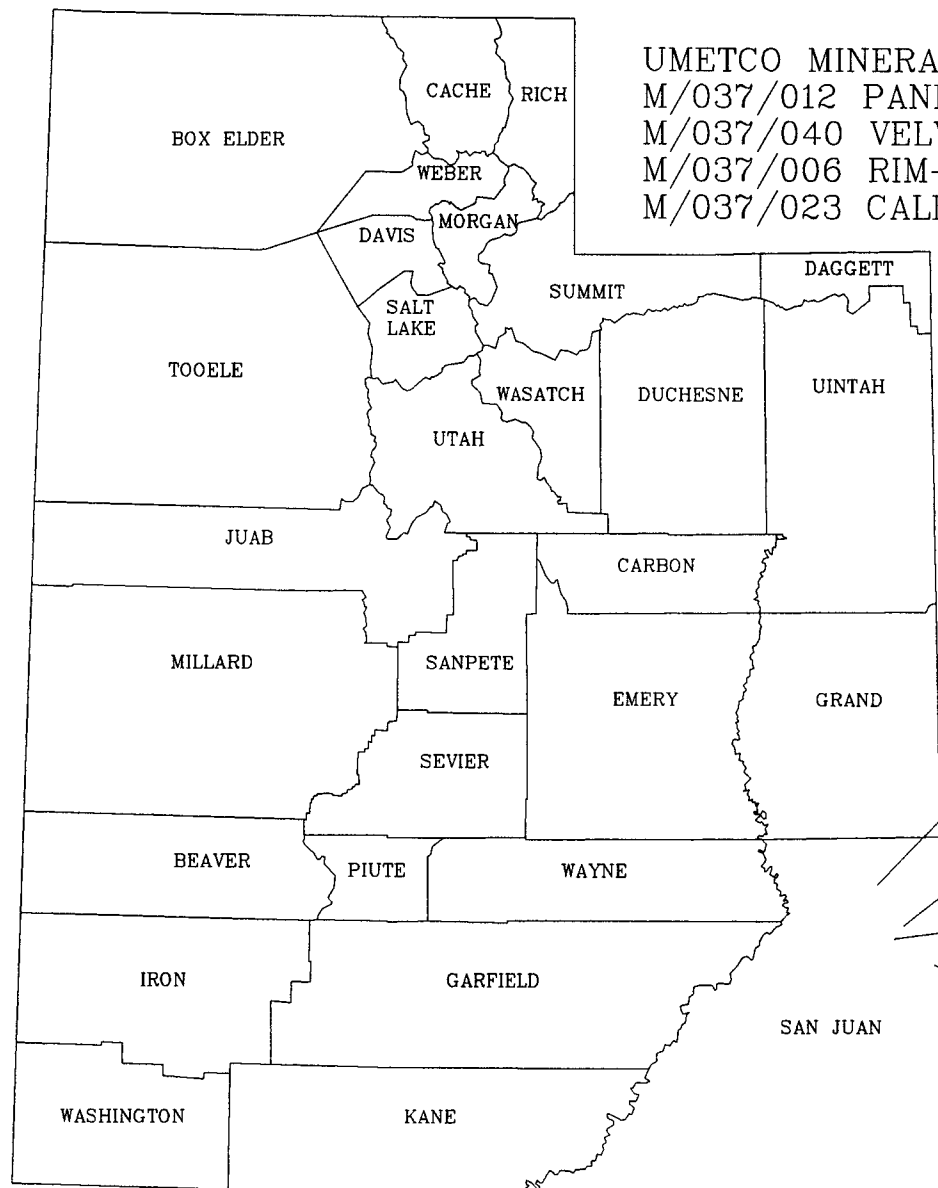


Page 2  
Replacement Sureties  
Umetco Minerals  
March 7, 1994

I request that the Board approve of the amount and form of these four replacement sureties. The following items (for each mine) are attached to assist you in your evaluation of this request:

1. Reclamation Contract
2. Replacement surety bond
3. Site location map
4. Most recent surety escalation calculation

jb  
UMETCO-T.BRD



UMETCO MINERALS CORPORATION

M/037/012 PANDORA

M/037/040 VELVET

M/037/006 RIM-COLUMBUS

M/037/023 CALLIHAM

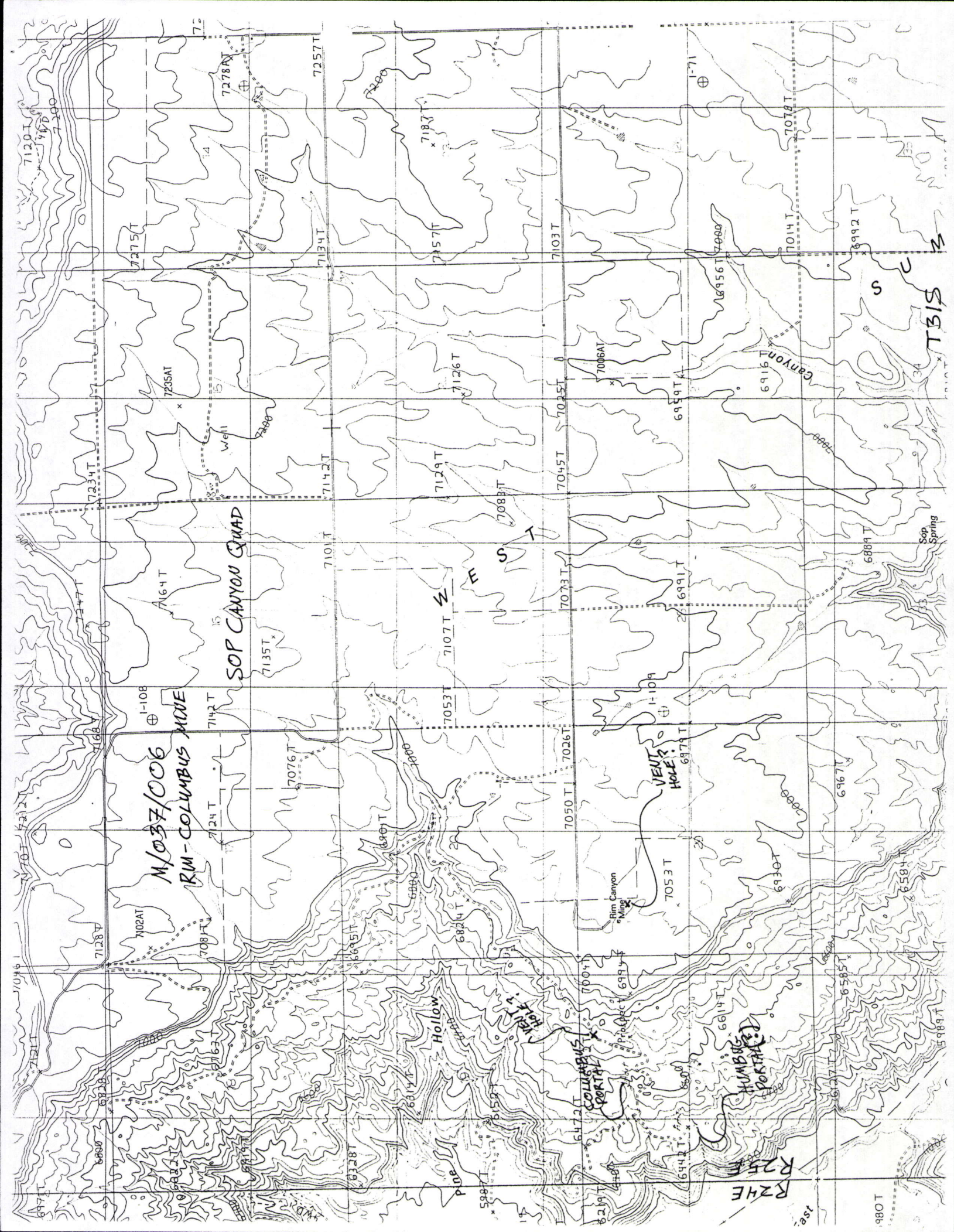
PANDORA

VELVET

RIM-COLUMBUS

CALLIHAM





# SURETY ESTIMATE UPDATE

Umetco Minerals Corporation  
Rim-Columbus, M/037/006, San Juan County, Utah

Prepared by Utah Division of Oil, Gas & Mining  
Last Update October 8, 1993

## Comments:

- Original estimate made in 1988, for \$32,200
- Original estimate escalated to 1993 dollars, using 2.5% escalation factor, \$36,100
- Escalation factors through 1992 are actual Means Historical Cost Indices
- Escalation factors for years 1993 and beyond are predicted
- Total disturbed area = 13 ACRES

CALCULATIONS	YR	ESCAL FACTOR	BOND AMOUNT
$F = P(1 + i)^{**n}$	1987	0.0195	\$0
	1988	0.0181	\$32,200
F = Future Sum	1989	0.0177	\$32,770
P = Present Sum	1990	0.0077	\$33,022
i = Escalation Factor	1991	0.0127	\$33,442
n = number of periods	1992	0.0221	\$34,181
	1993	0.0142	\$34,666
Three Yr Average = 1.42%	1994	0.0142	\$35,158
Used to Project 5 Yrs	1995	0.0142	\$35,658
Into the Future	1996	0.0142	\$36,164
From the Year 1993	1997	0.0142	\$36,677
	1998	0.0142	\$37,198
Updated Surety Amount Rounded (1998 \$)			\$37,200

\*\* Average cost per acre = 2,862 (\$/ACRE)